

**STATE OF SMALL BUSINESS AT NASA**  
**ADDRESS BY**  
**ADMINISTRATOR SEAN O'KEEFE**  
**February 20, 2002**

Thank you, Ralph, and good afternoon, everyone. As you know, I am new to NASA, but in this particular venue, on this particular topic, I feel right at home.

As a former professor of business management and as one who has served on the board of directors of a successful minority business that grew out of the Small Business Administration's program, I am very familiar with what is being saluted here today, and I am indeed proud to be a part of it.

I think we all owe a debt of gratitude to former president Ronald Reagan who created Minority Enterprise Development Week by Executive Order almost 20 years ago. That observance has grown into our annual celebration of minority entrepreneurs.

Minority business utilization at NASA cannot be discussed out of the context of small business utilization as a whole. And small business utilization cannot be effectively addressed without discussing the mission of NASA as a whole.

Today we are applauding the dramatic impact that small businesses—particularly those owned by minorities and women—have had on the accomplishment of NASA's mission.

My remarks today will be set in the context of the President's Management Agenda.

But before I get to that, let me first go over some of our most recent achievements...

First, NASA awarded small businesses \$3.6 billion in prime contract and subcontract dollars. That's about one-third of our total contracting budget of about \$11 billion.

Moreover, we awarded \$2.2. billion in prime and subcontracts to small disadvantaged businesses, which includes minority-owned firms, women-owned small companies, historically black colleges and universities and other minority institutions.

We awarded women-owned small businesses \$708 million in prime contracts and subcontracts in FY 2001. That's 6.4 percent of our total contracting budget, and once again, represents our highest totals in the history of NASA.

As the new NASA administrator, I want to see our progress in this important area continue. The use of small business serves NASA well.

And our approach must also match our new way of doing business. NASA's accomplishments and that of our small business partners will be evaluated in light of the President's Management Agenda.

The Agenda contains government-wide and agency-specific goals to improve federal management... and deliver results that matter to the American people.

One is strategic management of human capital. In other words, the number of layers in government must be flattened to reduce the distance between citizens and decision-makers.

Another important goal of the President's Management Agenda involves competitive sourcing. Nearly half of all federal employees perform tasks that are readily available in the commercial marketplace.

Historically, the government has realized cost savings in a range of 20 to 50 percent when federal and private sector service providers compete to perform these functions.

Unfortunately, competition between public and private sources remains an unfulfilled management promise. The Administration has committed itself to simplifying and improving the procedures for evaluating public and private sources and to better publicizing the activities subject to competition. At NASA we will certainly be on the cutting edge of this initiative as well. I think this opens up an array of new opportunities for small, minority, and women-owned businesses.

The way to prepare yourselves for competitive sourcing is to treat it as a regular business opportunity. Don't be afraid of competition. Competition promotes innovation, efficiency, and greater effectiveness. In fact, all of the initiatives and programs that we have at NASA for small businesses are designed to promote competition in the near and the long term.

I want to leave no doubt as to my full support for the NASA Small and Disadvantaged Business Utilization Program. In fact, I think we need to increase our efforts in this most important area.

I visited Ralph's office the second day I came to NASA, and we've have had several detailed discussions since then. Together we have also met with a senior SBA officials about the NASA program, and I plan to do even more of that with Ralph in the upcoming months.

Let me make clear to everyone that I believe that NASA has a model Small and Disadvantaged Business Utilization Program, and my goal will be to expand the best of what we do to the rest of the federal government.

Well, those are my thoughts, now let's get on with the reason we're here today, to celebrate what we've accomplished together. Ralph...

###